



## INFORMATIONAL REPORT

**DATE ISSUED:** January 24, 2008  
**REPORT NO:** HCR 08 - 12  
**SUBJECT:** Disposition of Assets

**NO ACTION IS REQUIRED ON THE PART OF THE HOUSING COMMISSION**

### SUMMARY

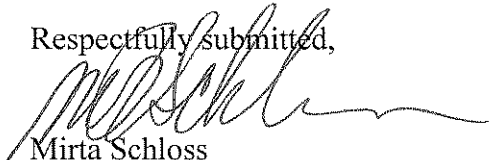
A bi-annual review of the San Diego Housing Commission capitalized fixed assets, computer equipment and high risks items was completed in December 2007. The process of the review included identification and verification of all capitalized fixed assets and high risk items. The results of the review determined that 100% of the capitalized and high risks assets were located and are in service.

### DISCUSSION

During the period covered by this report fifty-two (52) computer related items were retired from active service as being surplus to the Housing Commission's needs. They were donated to Technology Training Foundation of America, a non-profit organization which supplies the San Diego County area schools with refurbished computer equipment (Attachment 1).

The next physical asset inventory is scheduled to be completed by June 30, 2008.

Respectfully submitted,

  
Mirta Schloss  
Senior Program Analyst  
Procurement Officer

Approved by,

  
Carrol Vaughan  
Interim President & Chief Executive Officer

- Attachment (s) 1 - Receipt for computer related items retired from active service.  
2 - Administrative Regulation - Definition of Capitalized Assets and Expendable Equipment.



San Diego Housing Commission  
**ADMINISTRATIVE REGULATION**

Subject: **DEFINITION OF CAPITALIZED ASSETS AND EXPENDABLE EQUIPMENT**

Number: **AR000.001**

Effective Date: February 24, 1995

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1. PURPOSE

The purpose of this administrative regulation is to clearly define the capitalization threshold of the San Diego Housing Commission and how expendable equipment shall be monitored.

2. SCOPE

This administrative regulation applies to all tangible assets procured by the San Diego Housing Commission. The Manager of Financial Services shall ensure that an inventory of all capitalized and High Risk Assets is maintained.

3. DEFINITIONS

- A. Fixed Asset is defined as any asset procured, by any method or exchange, by the San Diego Housing Commission, which has a useful life in excess of 1 year and has a unit cost equal to or in excess of \$5,000.
- B. Capitalized Equipment is defined as moveable equipment owned by the San Diego Housing Commission, which has a useful life of greater than one year and a unit cost value of over \$5,000. In determining the cost of an asset, expenses necessary to place the asset into service are considered a part of the asset. For example, freight, taxes and set-up charges are added to the cost of the asset, but are not included in determination of capitalized vs. non-capitalized.
- C. Expendable Equipment is defined as all other moveable equipment that does not meet the definition of capitalized equipment above.
- D. Dwelling Equipment is defined as expendable equipment that is used by tenants of the San Diego Housing Commission and is typically located in the dwelling units or common areas of the Commissions property.
- E. High Risk Asset is defined as an asset which has a higher than normal risk of theft. These items are small relative to their value, therefore making them an ideal candidate for theft. High Risk Assets are specifically defined as follows:

Cameras  
 Televisions  
 VCRs / DVD Players  
 Computer Equipment; including PDA's  
 Video Cameras  
 Projection Equipment

It is acknowledged that all assets are susceptible to theft. However, the cost / benefit of control methods necessary to track and inventory all assets is unfeasible.

History: Adopted 2/24/95

Revised 03/18/02; Revised 04/2/07

Approved by:

Carrol M. Vaughan  
 Chief Operating Officer

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4. POLICY

It is the policy of the San Diego Housing Commission to capitalize assets with a useful life greater than one year and a value equal to or greater than \$5,000. Such Fixed Assets are tracked in the Fixed Asset system and are subject to annual depreciation in accordance with the Commission's depreciation policy. Such assets are assigned an individual asset number and tagged with a San Diego Housing Commission numbered property tag. (Real property and improvements are not tagged.) Fixed Assets are subject to annual inventory and reconciliation. Any variance regarding a missing Fixed Asset will immediately be reported to the Director of Business Services. All Fixed Assets are subject to the Commission's disposition policy. Capitalized equipment is a Fixed Asset and treated as defined herein.

Expendable Equipment as defined in this administrative regulation is not capitalized. It is not tracked on the Fixed Asset system, nor is it subject to annual inventory. Recognizing that these assets belong to the Commission and subject to misappropriation, all expendable equipment valued at or in excess of \$100 shall be tagged with an unnumbered San Diego Housing Commission property tag. Items under \$100 will not be tagged, nor will items of furniture such as desks, filing cabinets, chairs, bookcases, dry erase boards and tables.

Dwelling Equipment as defined in this administrative regulation is not capitalized. All dwelling equipment shall be tagged with an unnumbered San Diego Housing Commission property tag. In addition, given that dwelling equipment is standardized for the most part in each unit, an annual review to ensure that the equipment is maintained within the unit shall be conducted. Asset Management, as part of their annual unit inspection, shall review the unit for the presence of the standard dwelling equipment and document the results of their inventory on their inspection form.

High Risk Assets are treated similarly to Fixed Assets above in that they are tagged with a numeric property tag and recorded on the Fixed Asset system. They are also inventoried annually and subject to the disposition policy and procedures. They are, however, not depreciated.

The Director of Business Services is responsible for ensuring that the Fixed Asset and tracking systems are in place as defined above, with the sole exception of Dwelling Equipment. The review, documentation and inventory responsibility for Dwelling Equipment lies with the Asset Manager.

In order to maintain consistency with the accounting reporting records, modernization hard costs shall be capitalized. Hard costs are defined in accordance with HUD guidelines and will be capitalized in aggregate regardless of individual dollar amounts. Such costs will be placed into the Fixed Asset system upon closure of the grant year from which they are expended. This will allow for the Fixed Asset system to correspond to amounts reported to HUD through the required program documentation.

Other capitalization issues not specifically covered by the Administrative Regulation shall remain within the discretion of the Director of Business Services.